

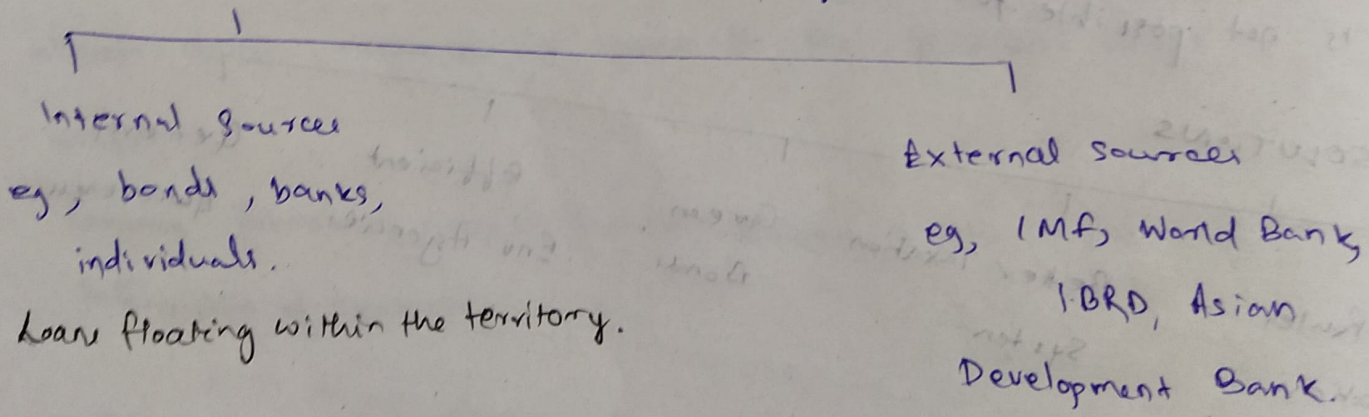
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A Canons of Public Expenditure

Surplus	Benefit	Economy	Sanction
Govt should go for a surplus budgeting system which makes public expenditure easier.	Public Expenditure should always aim towards some benefit of society	should not focus on extravagant expenditure. It has to be productive	Nothing can be spent arbitrarily. Every spending on each sector needs approval.

However, this is not always the case.

PUBLIC DEBT - means public borrowing



According to Keynes, public debt turns idle balance into active balance.

However, classicals believe public debt is wasteful in unproductive activities.

~~Both~~ Both classicals and Keynesians agree that public debt ~~is~~ used in productive ways such as increasing employment is helpful.

- Both internal and external public debt are burdensome. However, the topic is controversial.

In case of internal, depending on the payment system it may or may not be burdensome.

However, in case of external debt, we owe to some other country.

Therefore, it is definitely burdensome.

DEBT MANAGEMENT → Debt policies made to attain some objectives and their actual implementation.

Why?

- To know about the increase or decrease in public debt
- for formulation of economic policies
- for utilisation of resources
- To strengthen the money market and capital market.
- Also needed to keep out of debt trap.